

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Filer Charter Township	County* MANISTEE	Type* TOWNSHIP	MuniCode* 51-1-060
Opinion Date-Use Calendar Jun 20, 2008	Audit Submitted-Use Calendar* Sep 30, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

- ☒ ☐ 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
- ☒ ☐ 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
- ☐ ☐ 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
- ☒ ☐ 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
- ☒ ☐ 5. Did the local unit adopt a budget for all required funds?
- ☒ ☐ 6. Was a public hearing on the budget held in accordance with State statute?
- ☒ ☐ 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
- ☒ ☐ 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
- ☒ ☐ 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
- ☒ ☐ 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
- ☒ ☐ 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
- ☐ ☐ 12. Is the local unit free of repeated reported deficiencies from previous years?
- ☒ ☐ 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
- ☒ ☐ 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
- ☒ ☐ 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
- ☐ ☐ 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
- ☒ ☐ 18. Are there reported deficiencies? ☒ 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> \$ 944,960.00
General Fund Expenditure:	<input type="checkbox"/> \$ 301,298.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> \$ 1,656,786.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* David	Last Name* Wilson	Ten Digit License Number* 1102002446		
CPA Street Address* 4684 Case Blvd	City* Interlochen	State* MI	Zip Code* 49843	Telephone* +1 (231) 276-7668
CPA Firm Name* David E Wilson, CPA	Unit's Street Address* 2505 Filer City Rd	Unit's City* Manistee	Unit's Zip* 49660	

FILER TOWNSHIP
MANISTEE, MICHIGAN

Audit Report

For Year Ended
March 31, 2008

Wilson, Ward CPA Firm
PO Box 205
Interlochen, MI 49643
(231) 276-7668

FILER TOWNSHIP
TABLE OF CONTENTS

Page No.

1	Independent Auditors Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with Governmental Auditing Standards
2	<u>FINANCIAL SECTION</u>
3	Independent Auditor's Report
4-6	Management Discussion and Analysis
7	<u>Government Wide Statements</u>
8	Statement of Net Assets
9	Statement of Revenues, Expenditures and Changes in Net Assets
10	<u>Fund Statements</u>
11	Balance Sheet - All Governmental Fund Types
12	Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types
13	Comparative Balance Sheet - Proprietary Fund Type
14	Statement of Revenues, Expenditures, and Changes in Retained Earnings - Proprietary Fund Type
15	Statement of Cash Flow - Proprietary Fund Type
16	Balance Sheet - Downtown Development Authority
17	Statement of Revenues, Expenditures, and Changes in Fund Balance - Downtown Development Authority
18	Balance Sheet - Economic Development Commission
19	Statement of Revenues, Expenditures, and Changes in Fund Balance - Economic Development Commission
20-27	Notes to Financial Statements
28	<u>SUPPLEMENTAL DATA SECTION</u>
29	Report Letter
30	<u>General Fund</u>
31	Balance Sheet - General Fund
32-35	Statement of Revenues, Expenditures and Changes in Fund Balance-Budget Vs. Actual General Fund
36	<u>Special Revenue Funds</u>
37	Combining Balance Sheet
38	Combining Statement of Revenues, Expenditures and Changes in Fund Balance
39	Balance Sheet - Fire Fund
40	Statement of Revenues, Expenditures, and Changes in Fund Balance - Fire Fund
41	Balance Sheet - Liquor Law Enforcement Fund
42	Statement of Revenues, Expenditures, and Changes in Fund Balance - Liquor Law Enforcement Fund
43	<u>Proprietary Funds</u>
44	Statement of Net Fixed Assets
45	Statement of Changes in Fixed Assets
46	<u>Debt Service Funds</u>
47	Combining Balance Sheet - Debt Service Funds
48	Combining Statement of Revenues, Expenditures & Changes in Fund Balance- Debt Service

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Filer Charter Township Board
Manistee, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Filer Charter Township, Manistee County, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Filer Charter Township's basic financial statements and have issued our report thereon dated June 20, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Filer Charter Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Filer Charter Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain matters that we reported to management of Filer Charter Township in a separate letter dated June 20, 2008.

This report is intended solely for the information and use of the audit committee, management, township board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

 CPA

Interlochen, MI
June 20, 2008

Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Township Board
Charter Township of Filer, Michigan

We have audited the accompanying statement of net assets, activities, each major fund, and the aggregate remaining fund information of Charter Township of Filer, Michigan as of and for the year March 31, 2008, which collectively comprise Charter Township of Filer, Michigan's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Charter Township of Filer, Michigan's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Charter Township of Filer as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for each major fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis and required budgetary comparison information identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 20, 2008 on our consideration of Charter Township of Filer, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contract and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

 CPA

Interlochen, MI
June 20, 2008

Filer Township

Management Discussion and Analysis

This discussion and analysis provides an overview of the Township's financial activities for the fiscal year ended March 31, 2008. Please read it in conjunction with the Township's financial statements.

Financial Highlights:

- The Township's net assets changed with a 7.9 percent increase attributed to frugal township operations.

Using this Annual Report:

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Fund Financial Statements present a short-term view; they tell us how the taxpayer's resources were spent during the year, as well as how much is available for future spending. Fund Financial Statements also report the Township's operations in more detail than the Government-Wide Financial Statements by providing information about the Township's most significant funds. The Fiduciary Fund Statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Township's Most Significant Funds:

1. Government Fund Types use modified accrual basis and include -

The *general funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

The *special revenue funds* account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. These funds are employed to maintain integrity for the various sources of funds.

The *capital projects funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

2. Fiduciary fund types include -

The *Trust and Agency Fund* is unbudgeted and accounts for activities within those areas where the Township is operating in either a trust or agency status. These funds have no

equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the Township.

3. Proprietary fund types include -

The *enterprise funds* use the full accrual basis for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or, (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Township as a Whole:

The following table shows current year net assets:

Assets	
Cash	2,399,708
Other Current Assets	109,898
Capital Assets Net	<u>2,676,989</u>
Total Assets	5,186,595
Liabilities and Net Assets	
Liabilities	2,038,529
Net Assets	<u>3,148,066</u>
Total Liabilities and Net Assets	5,186,595

The Township's combined net assets increased 10.0% from a year ago - increasing from \$2,155,613 to \$2,371,795. This was primarily due to increased revenue and prudent township operations.

	2008
Revenues	
Taxes	750,941
State Grants	161,906
Interest and Rental	71,708
Charges for Services	372
Other	<u>76,822</u>
Total Revenue	1,061,749
Expenditure	<u>1,058,579</u>
Excess Revenue	3,170

The Township's Funds:

Our analysis of the Township's major funds begins in the supplemental data following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities such as special property tax millages.

The General Fund pays for most of the Township's governmental services. The amount transferred from the General Fund for Fire Services is supported by an operational budget approved by the Township Board and included the use of reserve funds.

General Fund Budgetary Highlights:

Over the course of the year the Township Board was able to maintain the township departments within their prescribed budgets. Some budget increases were necessary, the most significant to the Planning Commission. This increase was approved to facilitate completion of a new zoning ordinance.

Economic Factors and Next Year's Budgets and Rates:

Filer Townships 2007-2008 budget calls for the allocated millages to support general, fire, cemetery and the addition of the town hall renovation bond.

General Overview of the Accomplishments of Filer Township in the 2007-2008 Fiscal Year:

The Township finances have been managed very closely during this fiscal year. This is reflected in a slight increase of the General Fund balance. The Township is in a very healthy state as a whole.

Contacting the Township's Management:

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact our office at (231) 723-3138.

Government Wide Statements

Filer Township, Michigan
Statement of Net Assets
All Fund Types Discretely Presented Component Units
As Of March 31, 2008

	Governmental Activities	Business-Type Activities	Total Governmental Funds	Discretely Presented Component Units
Assets				
Cash and Investments	\$2,107,195	\$374,358	\$2,481,553	\$880,191
Accounts Receivable	0	4,183	4,183	164,627
Taxes Receivable	12,344	0	12,344	
Special Assessments Receivable	2,410	0	2,410	
Unbilled Receivable	0	34,681	34,681	
Prepaid Insurance	17,120	0	17,120	
Construction WIP	0	0	0	
Due From Other Agencies	28,837	0	28,837	
Due From Other Funds	2,023	8,300	10,323	
Net Capital Assets	1,180,584	1,496,405	2,676,989	
Total Assets	3,350,513	1,917,927	5,268,440	1,044,818
Liabilities and Fund Balance				
Liabilities				
Accounts Payable	48,486	9,159	57,645	
Accrued Salaries & Wages	18,540	1,823	20,363	
Deferred Revenue	0		0	
Due to Other Agencies	0		0	130,864
Due to Other Funds	10,323		10,323	
Notes Payable	705,000	1,245,000	1,950,000	
Compensated Absences	0	198	198	
Total Liabilities	782,349	1,256,180	2,038,529	130,864
Net Assets				
Restricted	352,300	48,531	400,831	
Unrestricted	2,215,864	613,216	2,829,080	913,954
Total Fund Equity	2,568,164	661,747	3,229,911	913,954
Total Liabilities and Fund Balance	\$3,350,513	\$1,917,927	\$5,268,440	\$1,044,818

Filer Township
Statement of Revenues, Expenditures and Changes in Net Assets
All Governmental Fund Types and Discretely Presented Component Units
For the Year Ended March 31, 2008

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government								
Governmental activities:								
General government	\$232,479	\$372			(\$232,107)		(\$232,107)	
Public safety	158,593				(158,593)		(158,593)	
Public works	395,217				(395,217)		(395,217)	
Health and Recreation	17,942				(17,942)		(17,942)	
Community and Economic Development	0				0		0	
Depreciation on Fixed Assets	95,624				(95,624)		(95,624)	
Interest on Long Term Debt	59,598				(59,598)		(59,598)	
Total Governmental Activities	959,453	372	0	0	(959,081)		(959,081)	
Business Type Activities								
Water and Sewer	233,533	199,025				(34,508)	(34,508)	
Total Primary Government								
Component Units	5,165							5,165
General revenues:								
Taxes								
Property Taxes-general					771,585		771,585	291,301
Property Taxes-debt service					49,159		49,159	
State-Shared Revenues					161,906		161,906	
Unrestricted Investment Earnings								
Franchise taxes					71,708		71,708	35,622
Miscellaneous					39,782		39,782	
Transfers					37,040	12,618	49,658	291,301
						0	0	
Total General Revenues-Special Items and Transfers					1,131,180	12,618	1,143,798	326,923
Changes in Net Assets					172,099	(21,890)	150,209	321,758
Prior Period					(29,919)		(29,919)	0
Net Assets - Beginning					1,854,776	635,106	2,489,882	592,196
Net Assets - Ending					\$1,996,956	\$613,216	\$2,610,172	\$913,954
Reconciliation								
Change in Net Assets	\$172,099							
Add: Depreciation	95,624							
Prior Period	(29,919)							
Less:								
Payment of Long Term Debt	0							
Purchase of Fixed Assets	0							
Change in Fund Balance	\$237,804							

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Fund Statements

Filer Township, Michigan
Balance Sheet
All Governmental Fund Types and Discretely Presented Component Units
As Of March 31, 2008

	General Fund	Fire Operating Fund	Other Non Major Funds	Total Governmental Funds	Discretely Presented Component Units	Total
Assets						
Cash and Investments	\$1,652,480	\$231,655	\$223,060	\$2,107,195	\$880,191	\$2,987,386
Accounts Receivable	0		0	0		0
Taxes Receivable	10,244	2,100	0	12,344	164,627	176,971
Special Assessments Receivable	2,410		0	2,410		2,410
Construction WIP	0		0	0		0
Prepaid Insurance	17,120		0	17,120		17,120
Due From Other Agencies	28,837		0	28,837		28,837
Due From Other Funds	2,023		0	2,023		2,023
Net Capital Assets				0		0
Total Assets	1,713,114	233,755	223,060	2,169,929	1,044,818	3,214,747
Liabilities and Fund Balance						
Liabilities						
Accounts Payable	30,948	17,388	150	48,486		48,486
Accrued Salaries & Wages	17,080	1,460	0	18,540		18,540
Deferred Revenue	0		0	0		0
Due to Other Agencies	0		0	0	130,864	130,864
Due to Other Funds	8,300	1,893	130	10,323		10,323
Notes Payable			0	0		0
Compensated Absences			0	0		0
Total Liabilities	56,328	20,741	280	77,349	130,864	208,213
Fund Equity						
Fund Balances:						
Reserved		160,000	192,300	352,300		352,300
Unreserved	1,656,786	53,014	30,480	1,740,280	913,954	2,654,234
Total Fund Equity	1,656,786	213,014	222,780	2,092,580	913,954	3,006,534
Total Liabilities and Fund Balance	\$1,713,114	\$233,755	\$223,060	\$2,169,929	\$1,044,818	\$3,214,747
Reconciliation with Governmental:						
Fund Balance	\$2,092,580					
Less: Long Term Debt	(705,000)					
Add: Net Capital Assets	1,180,584					
Net Assets	\$2,568,164					

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Filer Township
Combined Statement of Revenues, Expenditures and Changes in Fund Balance
All Governmental Fund Types and Discretely Presented Component Units
For the Year Ended March 31, 2008

	General Funds	Fire Operating Fund	Other Non Major Funds	Total Governmental Funds	Component Units	Total Governmental
Revenues						
Taxes	\$658,230	\$113,355	\$49,159	\$820,744	\$291,301	\$1,112,045
Licenses	7,826		0	7,826		7,826
State of Michigan	155,630	6,276	0	161,906		161,906
Charges for Services	372		0	372		372
Interest & Rentals	62,973	5,864	2,871	71,708	35,622	107,330
Other Revenues	16,369	3,203	5,864	25,436	0	25,436
Donations	0		0	0		0
Cable Franchise Fees	39,782		0	39,782		39,782
Reimbursements	3,778		0	3,778		3,778
Total Revenues	944,960	128,698	57,894	1,131,552	326,923	1,458,475
Expenditures						
Current						
Legislative	105,637		0	105,637	0	105,637
General Government	126,842		0	126,842	5,165	132,007
Planning and Zoning	46,070		0	46,070	0	46,070
Public Works	347,171		1,976	349,147	0	349,147
Recreation	17,942		0	17,942	0	17,942
Public Safety		158,593		158,593	0	158,593
Miscellaneous	0		59,598	59,598	0	59,598
Capital Outlay	0			0	0	0
Total Expenditures	643,662	158,593	61,574	863,829	5,165	868,994
Excess Revenue (Expenditures)	301,298	(29,895)	(3,680)	267,723	321,758	589,481
Operating Transfers In	0		0	0		0
Operating Transfers (Out)	0		0	0		0
Prior Period	(69,803)	0	39,884	(29,919)	0	(29,919)
Fund Balance/Retained Earnings - Beginning of Year	1,425,291	242,909	186,576	1,854,776	592,196	2,446,972
Fund Balance/Retained Earnings - End of Year	\$1,656,786	\$213,014	\$222,780	\$2,092,580	\$913,954	\$3,006,534

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Filer Township
Comparative Balance Sheet
Proprietary Fund Type-Water Fund

March 31, 2007 & 2008

<u>Assets</u>	<u>March 31, 2007</u>	<u>March 31, 2008</u>
Current Assets		
Cash and Investments	\$405,985	\$374,358
Accounts Receivable	3,228	4,183
Due From General Fund	8,300	8,300
Unbilled Receivable	36,140	34,681
Total Current Assets	<u>453,653</u>	<u>421,522</u>
Fixed Assets		
Plant, Property, & Equipment	1,919,395	1,919,395
Less: Accumulated Depreciation	<u>(390,933)</u>	<u>(422,990)</u>
Total Fixed Assets	<u>1,528,462</u>	<u>1,496,405</u>
Total Assets	<u>1,982,115</u>	<u>1,917,927</u>
 <u>Liabilities & Fund Balance</u>		
Current Liabilities		
Accounts Payable	0	9,159
Accrued Salaries & Wages	224	1,823
Long Term Debt		
Long Term Debt	1,305,000	1,245,000
Compensated Absences	198	198
Total Liabilities	<u>1,305,422</u>	<u>1,256,180</u>
Fund Equity		
Contributed Capital - Federal & State	328,000	328,000
- Local	32,392	32,392
Less: Amortization	<u>(318,805)</u>	<u>(311,861)</u>
Net Contribution Capital	41,587	48,531
Retained Earnings	635,106	613,216
Total Fund Balance	<u>676,693</u>	<u>661,747</u>
Total Liabilities & Fund Balance	<u>\$1,982,115</u>	<u>\$1,917,927</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Filer Township
Statement of Revenues, Expenditures & Changes in Retained Earnings
Proprietary Fund Type-Water Fund

For The Year Ended March 31, 2008

	<u>Actual</u>
<u>Operating Revenues</u>	
Meter Sales	\$199,025
Total Revenues	<u>199,025</u>
<u>Operating Expenses</u>	
Administration	6,083
Labor, Ins and Fica	25,848
Office Supplies	583
Operating Supplies	14,551
Printing	421
Repairs & Maintenance	4,358
Miscellaneous	283
Professional Services	87,048
Depreciation	32,057
Utilities	16,451
Vehicle	1,531
Interest	<u>37,375</u>
Total Operating Expenses	<u>226,589</u>
Operating Income	(27,564)
<u>Non-Operating Income</u>	
Interest	17,339
Transfer from General-Hydrant Rental	0
Miscellaneous	(4,721)
Amortization Charges to Contributed Capital	<u>(6,944)</u>
Total Non Operating Income (loss)	5,674
Net Income - Current Period	(21,890)
Retained Earnings - Beginning of Year	<u>635,106</u>
Transfer to Debt Service Fund	0
Prior Period	0
Retained Earnings - End of Year	<u><u>\$613,216</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Filer Township
Statement of Cash Flow
Proprietary Fund Type-Water Fund

For The Year Ended March 31, 2008

Cash Flow from Operating Activities

Operating Income	(\$27,564)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation Expense	32,057
Hydrant Rental	0
Changes in Assets and Liabilities	
Decrease (increase) in Accounts Receivable	(955)
Increase in Accounts Payable	9,159
Increase in Accrued	1,599
Decrease (increase) in Unbilled Receivable	<u>1,459</u>
Net Cash Provided by Operating Activities	15,755

Cash Flow from Investing Activities

Interest Income	17,339
Debt Service	(60,000)
Miscellaneous	(4,721)
(Decrease) Increase in Due From General Fund	<u>0</u>
Total Increase from investing	(47,382)
Net Increase in Cash	(31,627)
Cash Beginning of Year	<u>405,985</u>
Cash at End of Year	<u><u>\$374,358</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Filer Township
Balance Sheet
Downtown Development Authority**

For the Year Ended March 31, 2008

	Actual Year Ended March 31, 2008	
<u>Assets</u>		
Cash	\$878,894	
Taxes Receivable	<u>164,627</u>	
Total Assets		<u>1,043,521</u>
<u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts Payable	0	
Deferred Revenue	0	
Due to Other Units	<u>130,864</u>	
Total Liabilities		130,864
Fund Equity		
Fund Balances:		
Unreserved	<u>912,657</u>	
Total Fund Equity		<u>912,657</u>
Total Liabilities and Fund Balance		<u>\$1,043,521</u>

Filer Township
Statement of Revenues, Expenditures and Changes in Fund Balance
Downtown Development Authority

For the Year Ended March 31, 2008

	Actual Year Ended March 31, 2008	
<u>Revenue</u>		
Tax Revenue	\$291,301	
Interest Income	35,613	
Misc Revenue	<u>0</u>	
Total Revenue		326,914
<u>Expense</u>		
Utilities	0	
Office Supplies	82	
Holiday Display	85	
Fire Fund Contribution	0	
Legal & Professional	4,998	
Contract Svs	<u>0</u>	
Total Expense		<u>5,165</u>
Increase (Decrease) in Revenue		321,749
Fund Balance April 1, 2007		<u>590,908</u>
Previous Balance (DDA allocation)		0
Fund Balance March 31, 2008		<u><u>\$912,657</u></u>

Filer Township
Balance Sheet
Economic Development Commission

For the Year Ended March 31, 2008

	Actual Year Ended March 31, 2008	
<u>Assets</u>		
Cash	\$1,297	
Taxes Receivable	<u>0</u>	
Total Assets		<u>1,297</u>
<u>Liabilities and Fund Balance</u>		
Liabilities		
Total Liabilities		0
Fund Equity		
Fund Balances:		
Unreserved	<u>1,297</u>	
Total Fund Equity		<u>1,297</u>
Total Liabilities and Fund Balance		<u>\$1,297</u>

Filer Township
Statement of Revenues, Expenditures and Changes in Fund Balance
Economic Development Commission

For the Year Ended March 31, 2008

	Actual Year Ended March 31, 2008
<u>Revenue</u>	
Revised Debt GF	\$0
Interest Income	9
Misc Revenue	<u>0</u>
Total Revenue	9
<u>Expense</u>	
Legal	0
Misc	<u>0</u>
Total Expense	<u>0</u>
Increase (Decrease) in Revenue	9
Fund Balance April 1, 2007	<u>1,288</u>
Fund Balance March 31, 2008	<u><u>\$1,297</u></u>

**FILER TOWNSHIP
FOOTNOTES TO FINANCIAL STATEMENTS**

1. Summary of Significant Accounting Policies

The accounting policies of the Township conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies.

A. Reporting Entity

Filer Township is a Charter Township located in Manistee County, Michigan. The Township is governed by an elected seven member board. Services are provided to approximately 2,000 residents and include fire protection, road maintenance, rubbish removal, water distribution and general community enrichment services. The criteria established for determining the various agencies and boards to be included in the Township's general purpose financial statements depends on the extent such agencies and boards are a part of, controlled by or dependent on the Township. The criterion used to determine the reporting entity, "is the ability to exercise oversight responsibility over such agencies by the governmental unit's elected officials". As such, the Township has incorporated the Downtown Development Authority and the Economic Development Commission as Component Units of the Township which requires a discrete presentation in accordance with GASB 14. Thus, two totals (as memo only) are included in the presentation of the statements which are the primary government and a total which includes both primary government and component units.

B. Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Summary of Significant Accounting Policies

Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Basis of Accounting

Basis of Accounting refers to how revenue and expenditures or expenses are recognized in the account and reported in the financial statements. The basis of accounting, as required under generally accepted accounting principles, varies for each fund.

General, special revenue, debt service, capital projects and trust and agency funds should be accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable.

The accounting policies of Filer Township conform to generally accepted accounting principles and include the following fund types

1. Government Fund Types use modified accrual basis and include -

The *general funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

The *special revenue funds* account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. These funds are employed to maintain integrity for the various sources of fund.

The *capital projects funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The *debt service funds* account for the accumulation of resources for, and the payment of, general long-term debt principal and interest recorded.

2. Fiduciary fund types include -

The *Trust and Agency Fund* is unbudgeted and accounts for activities within those areas where in the Township is operating in either a trust or agency status. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the Township.

3. Proprietary fund types include -

The *enterprise funds* use the full accrual basis for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or, (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

D. Fixed Assets

All Proprietary funds are accounted for on a cost of service measurement focus. The operating statements present increases and decreases in net total assets. Depreciation of all fixed assets is charged as an expense against their operations. Accumulated depreciation is reported on the balance sheet. Depreciation for the Proprietary funds is computed as follows:

<u>Description</u>	<u>Method</u>	<u>Life</u>
Equipment	Straight Line	25 years
Plant	Straight Line	50 years

E. Fixed Assets - Governmental Funds

All Governmental funds are accounted for on a modified accrual basis of accounting. All capital outlay is expensed in the appropriate fund. Under GASB 34, all fixed assets (net of accumulated depreciation) and long term debt are booked on the balance sheet as Net Assets and Long Term Debt. Depreciation of all fixed assets is charged as an expense against their operations. Accumulated depreciation is reported on the balance sheet. Depreciation for the Governmental Funds is computed as follows:

<u>Description</u>	<u>Method</u>	<u>Life</u>
Equipment	Straight Line	5 to 25 years
Plant	Straight Line	30 to 50 years

F. Budgets and Budgetary Accounting

The general fund and enterprise fund types are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis the same as the modified accrual basis used to reflect operations and include those amounts formally appropriated by the Township Board.

2. Excess of Expenditures over Appropriations

The local unit shall not incur expenditures in excess of appropriations. This also requires a disclosure of all such functional areas which exceeded budget. As such, a budgeted statement is included in the supplementary data portion of these financial statements.

The expenditures were all approved by the Board except for those which occurred as accounts payable at year end.

The areas which had expenditures in excess of budgets were as follows:

Department	Budget	Actual	Variance
Supervisor	\$ 16,000	\$16,474	\$ 474
Assessors	33,000	34,982	1,982
Zoning & Planning	44,000	46,070	2,070
Roads	156,000	166,012	10,012

3. Financial Control of Funds

As authorized by Act 20, Public Act of 1943, as amended, states that the Township, by resolution may authorize its treasurer to invest surplus funds in the following manner:

1. Direct obligations of the United States or an agency or instrumentality of the United States.
2. In any account or depository which is a member of the F.D.I.C. or a savings and loan which is a member of the Federal Savings and Loan Insurance Corporation, or a credit union which is insured by the National Credit Union Administration.
3. Fifty percent of the funds may be invested in commercial paper rated at the time of purchase within the three highest classifications by not less than two standard rating agencies and which mature not more than 270 days following the date of purchase.
4. In United States Government of federal agency obligations repurchase agreements.
5. In bankers acceptances of the United States banks.
6. In mutual funds composed of investment vehicles which are legal for direct investment of local units of government in Michigan.

4. Cash and Investments

A. Legal or Contractual Provisions for Deposits and Investments

The Michigan Political Subdivisions Act No. 20, Public Acts of 1943, as amended by Act No. 217, Public Acts of 1982, states the Authority by which Treasurers may invest funds and includes the following:

- a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.

c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.

d) Repurchase agreements consisting of instruments listed in subdivision (a).

e) Bankers' acceptances of United States banks.

f) Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.

g) Mutual funds registered under the investment company act of 1940, title I of chapter 686, 54 Stat. 789, 15 USC 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of either of the following:

i) The purchase of securities on a when-issued or delayed delivery basis.

ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.

iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.

h) Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967.

i) Investment pools organized under the surplus funds investment pool act, 1982 PA 367.

j) The investment pools organized under the local government investment pool act, 1985 PA 121. In bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States, in which the principal and interest is fully guaranteed by the United States.

B. Deposits of the Township are as authorized by the Township Board and the Board of the Component Unit. A summary of these accounts and amounts is included in the supplemental data section of this report. All funds of Filer Township have been invested in those depositories or investments as authorized by Michigan Compiled Laws Section 129.91. The balance sheet account for all funds includes all cash, investments and imprest (petty cash) funds.

In accordance with GASB Statement No. 3, risk disclosures must be made to indicate the amounts of cash insured or uninsured. A general summary of these assets is as follows:

	<u>Carrying Value</u>
Insured	\$ 200,000
Uninsured	\$ 1,570,553

The Township also has \$350,000 invested in certificates of deposit.

The Downtown Development Authority has cash and investments in a single savings account with a balance of \$119,745. It also has \$500,000 in certificates of deposit.

	<u>Carrying Value</u>
Insured	\$100,000
Uninsured	19,745

The Economic Development Commission has all of its cash in a single savings account with a balance of \$1,288 which is insured and has a bank balance of \$1,288.

6. Long Term Debt

The Long Term Debt of Filer Township consists of and \$850,000 general obligation bond titled 2002 General Obligation Unlimited Tax Bond and referred to as the Fire Building Bond. The interest due is payable semiannually on April 1 and November 1 and the principal is payable on these bonds as follows:

	Principal	Interest
April 1, 2008	20,000	19,884
October 1, 2008		19,184
April 1, 2009	20,000	19,184
October 1, 2009		18,768
April 1, 2010	25,000	18,768
October 1, 2010		18,225
April 1, 2011	30,000	18,225
October 1, 2011		17,558
April 1, 2012	35,000	17,558
October 1, 2012		16,761
April 1, 2013	250,000	156,459
October 1, 2017		
April 1, 2018		
October 1, 2022	<u>400,000</u>	<u>56,459</u>
Total	780,000	397,033

In addition, the water department has a bond which is as the 2003 General Obligation Bond issued by the Michigan Municipal Bond Authority in the amount of \$1,490,000 with a bond retirement amortization of 20 years.

The interest is based on the amounts drawn with principal payments beginning 10/01/04. Interest is payable semiannually on April 1 and October 1 with the principal payments due on October 1 of each year. Interest and principal payments remaining are as follows:

	Principal	Interest
April 1, 2008		16.375
October 1, 2008	65,000	16.375
April 1, 2009		15.563
October 1, 2009	65,000	15.563
April 1, 2010		14.750
October 1, 2010	65,000	14.750
April 1, 2011		13.938
October 1, 2011	65,000	13.938
April 1, 2012		13.125
	70,000	13,125
Next five years	375,000	104,252
Next five years	420,000	55,254
Next two years	185,000	7,002

5. Use Of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

6. Pension Plan

The Township participates in a defined contribution pension plan covering all elected officials; the Fire Chief, Water Department Foreman, Pool Manager and all other full-time employees. The Township contributes 75% of the premium, based on annual compensation while plan members contribute the remaining 25%. Plan members may make additional voluntary contributions. The Township's contribution for the year ended March 31, 2008 amounted to \$8,131.

7. Prior period adjustments

The long term debt and interest payments for April 1, 2008 were prepaid for both the bonds issued and outstanding. General fund has an adjustment due to a reconciliation error in cash from a previous year.

8. Compensated Absences and Post Employment Benefits

The Township pays for compensated absences which are reflected in the balance sheet. They do not have any post employment benefits.

9. Reserved Fund Balance

A portion of the unreserved fund balance has been designated for specific purposes as indicated on the Balance Sheet.

10. Risk Management

The Township carries commercial insurance as a protection against risk.

Supplemental Data Section

WILSON, WARD CPA FIRM

P.O. Box 205
3015 M-137
Interlochen, MI 49643

(231) 276-7668

Fax: (231) 276-7687

E-mail: wilson@wilsonward.com

To the Filer Charter Township Board
Manistee County, MI

We have audited the combined financial statements of Filer Charter Township for the year ended March 31, 2008. Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying schedules, as listed in the table of contents, are presented for purposes of the additional analysis and are not a required part of the combined financial statements. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

David E. Wilson, CPA

Interlochen, MI
June 20, 2008

General Fund

**Filer Township
Balance Sheet
General Fund**

As Of March 31, 2008

Assets

Cash In Bank and Investments	\$1,612,480
Certificates of Deposit	40,000
Accounts Receivable	0
Taxes Receivable	10,244
Special Assessments Rec	2,410
Due From Other Agencies	28,837
Due From Other Funds	2,023
Prepaid Insurance	17,120
Construction Work In Progress	0
Total Assets	<u>1,713,114</u>

Liabilities and Fund Balance

Liabilities

Accounts Payable	30,948
Accrued Salaries & Wages	17,080
Deferred Revenue	0
Due To Other Funds	8,300
Accrued Benefits	
Total Liabilities	<u>56,328</u>

Fund Balance

Reserved for Equipment Replacement	0
Unreserved	1,656,786
Total Fund Balance	<u>1,656,786</u>

Total Liabilities and Fund Balance	<u>\$1,713,114</u>
---	---------------------------

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Filer Township
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget Vs Actual
General Fund

For the Year Ended March 31, 2008

	Original Budget Year Ended March 31, 2008	Amended Budget Year Ended March 31, 2008	Actual Year Ended March 31, 2008	Variance Favorable (Unfavorable)
Revenue				
Current Property Taxes	\$365,600	\$365,600	\$370,792	\$5,192
Delinquent Taxes	10,000	10,000	193,213	183,213
Penalties on Taxes	1,000	1,000	698	(302)
Admin Fees	47,000	47,000	93,527	46,527
Licenses and Permits	4,000	4,000	7,826	3,826
State Shared Revenues	150,000	150,000	155,630	5,630
Grants	0	0	13,500	13,500
Charge for Services	1,200	1,200	372	(828)
Earned Interest	30,000	30,000	58,778	28,778
Rents and Royalties	3,600	3,600	4,195	595
Cable Franchise	25,000	25,000	26,282	1,282
Misc	8,500	8,500	16,369	7,869
Total Revenues	645,900	645,900	941,182	295,282
Reimbursements	0	0	3,778	3,778
Total Receipts	645,900	645,900	944,960	299,060
Expenditure				
Legislative				
Township Board:				
Salaries and Wages	30,000	30,000	25,227	4,773
Benefits	20,400	20,400	12,488	7,912
Pension	12,000	12,000	12,337	(337)
Office Supplies	1,000	1,000	43	957
Professional Services	25,000	25,000	14,520	10,480
Mileage	2,500	2,500	3,127	(627)
Printing and Advertising	12,000	12,000	16,325	(4,325)
Insurance and Bonds	27,000	27,000	17,378	9,622
Misc	1,000	1,000	4,192	(3,192)
Total Township Board	130,900	130,900	105,637	25,263
General Government:				
Township Supervisor:				
Salaries and Wages	15,000	15,000	16,208	(1,208)
Office Supplies	0	0	0	0
Mileage	500	500	215	285
Misc	500	500	50	450
Total Township Supervisor	16,000	16,000	16,473	(473)
Elections:				
Salaries and Wages	3,800	3,800	2,945	855
Office Supplies	1,500	1,500	456	1,044
Prof Services	3,000	3,000	0	3,000
Mileage	250	250	44	206
Printing	750	750	216	534
Total Elections	\$9,300	\$9,300	\$3,661	5,639

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Filer Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2008

	Original Budget Year Ended March 31, 2008	Amended Budget Year Ended March 31, 2008	Actual Year Ended March 31, 2008	Variance Favorable (Unfavorable)
Assessor:				
Salaries and Wages	\$0	\$0	\$0	0
Supplies	500	500	716	(216)
Professional Services	32,000	32,000	33,567	(1,567)
Mileage and Travel	0	0	0	0
Publications	0	0	699	(699)
Insurance	0	0	0	0
Misc	500	500	0	500
Total Assessor	33,000	33,000	34,982	(1,982)
Clerk:				
Salaries and Wages	17,000	17,000	17,403	(403)
Office Supplies	0	0	0	0
Mileage	1,000	1,000	772	228
Misc	1,000	1,000	415	585
Total Clerk	19,000	19,000	18,590	410
Board of Review:				
Salaries	1,200	1,200	1,800	(600)
Misc	500	500	50	450
Total Board of Review	1,700	1,700	1,850	(150)
Treasurer:				
Salaries and Wages	17,000	17,000	17,558	(558)
Office Supplies	100	100	0	100
Professional Services	1,400	1,400	90	1,310
Mileage	500	500	187	313
Printing	0	0	0	0
Total Treasurer	19,000	19,000	17,835	1,165
Township Hall and Grounds:				
Salaries & Wages	16,500	16,500	1,072	15,428
Benefits	12,000	12,000	(3,062)	15,062
Supplies	8,000	8,000	9,065	(1,065)
Prof Services	4,500	4,500	737	3,763
Telephone	4,000	4,000	5,764	(1,764)
Public Utilities	6,000	6,000	4,501	1,499
Repairs	4,000	4,000	6,517	(2,517)
Misc.	3,000	3,000	4,830	(1,830)
Total Township Hall	\$58,000	\$58,000	\$29,424	28,576

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Filer Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2008

	Original Budget Year Ended March 31, 2008	Amended Budget Year Ended March 31, 2008	Actual Year Ended March 31, 2008	Variance Favorable (Unfavorable)
Other Township Bldgs and Grounds:				
Salaries & Wages	\$1,000	\$1,000	\$120	880
Benefits	0	0	0	0
Supplies	500	500	419	81
Prof Services	1,000	1,000	1,021	(21)
Telephone	0	0	0	0
Public Utilities	1,500	1,500	1,692	(192)
Repairs	2,500	2,500	0	2,500
Misc.	2,500	2,500	775	1,725
Total Other Bldgs and Grounds	9,000	9,000	4,027	4,973
 Total General Government	 165,000	 165,000	 126,842	 38,158
Planning and Zoning:				
Salaries and Wages	25,000	25,000	26,532	(1,532)
Supplies	0	0	112	(112)
Professional Services	15,000	15,000	15,132	(132)
Mileage	1,000	1,000	1,763	(763)
Printing	2,500	2,500	2,528	(28)
Misc	500	500	3	497
Total Planning and Zoning	44,000	44,000	46,070	(2,070)
Public Works:				
Street Lighting	40,000	40,000	35,993	4,007
Highway Drains	0	0	0	0
Road Work	76,000	76,000	171,729	(95,729)
Infrastructure Capital Outlay	0	0	0	0
Total Public Works	116,000	116,000	207,722	(91,722)
Recreation and Cultural:				
Parks Recreation and Memorial				
Salaries	4,500	4,500	3,173	1,327
Operating Supplies	800	800	39	761
Professional Services	12,000	12,000	13,293	(1,293)
Maintenance	1,500	1,500	509	991
Misc	1,200	1,200	928	272
Public Utilities	0	0	0	0
Total Parks and Recreation	\$20,000	\$20,000	\$17,942	2,058

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Filer Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2008

	Original Budget Year Ended March 31, 2008	Amended Budget Year Ended March 31, 2008	Actual Year Ended March 31, 2008	Variance Favorable (Unfavorable)
Garbage Pick Up	\$145,000	\$145,000	\$139,449	\$5,551
Total Expenditures	620,900	620,900	543,662	(22,762)
Excess Revenues	25,000	25,000	301,298	
OTHER FINANCING SOURCES				
Operating Transfers In(Out)			0	
Excess Revenue & Other Financing Uses Over (Under) Expenditures			301,298	
Fund Balance - Beginning of Year			1,425,291	
Prior Period Adjustment			(69,803)	
Fund Balance - End of Year			\$1,656,786	

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Special Revenue Funds

Filer Township
Combining Balance Sheet
Special Revenue Funds

As Of March 31, 2008

	Fire Fund	Liquor Law Enforcement Fund	Total
<u>Assets</u>			
Cash in Bank	\$231,655	\$30,760	\$262,415
Taxes Receivable	2,100		2,100
Total Assets	<u>233,755</u>	<u>30,760</u>	<u>264,515</u>
<u>Liabilities and Fund Balance</u>			
Liabilities			
Accounts Payable	17,388	150	17,538
Accrued Payroll	1,460		1,460
Due to General Fund	1,893	130	2,023
Total Liabilities	<u>20,741</u>	<u>280</u>	<u>21,021</u>
Fund Balance			
Reserved for Equipment Replacement	160,000		160,000
Unreserved	53,014	30,480	83,494
Total Fund Balance	<u>213,014</u>	<u>30,480</u>	<u>243,494</u>
Total Liabilities and Fund Balance	<u>\$233,755</u>	<u>\$30,760</u>	<u>\$264,515</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Filer Township
Combining Statement of Revenues, Expenditures & Changes in Fund Balance
Special Revenue Funds

For The Year Ended March 31, 2008

	Fire Fund	Liquor Law Enforcement Fund	Total
<u>Revenues</u>			
Property Taxes	\$77,849		\$77,849
Delinquent Property Taxes	35,506		35,506
State of Michigan		4,198	4,198
Interest	5,864	0	5,864
Grants	6,276		6,276
Miscellaneous	3,203	0	3,203
Total Revenue	<u>128,698</u>	<u>4,198</u>	<u>132,896</u>
<u>Expenditures</u>			
Law Enforcement		1,976	1,976
Fire Protection	158,593		158,593
Total Expenditures	<u>158,593</u>	<u>1,976</u>	<u>160,569</u>
Excess Revenue (Expenditures)	(29,895)	2,222	(27,673)
Fund Balance - Beginning of Year	<u>82,909</u>	<u>28,258</u>	<u>111,167</u>
Prior Period Adjustment	0	0	0
Fund Balance - End of Year	<u>\$53,014</u>	<u>\$30,480</u>	<u>\$83,494</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Filer Township
Balance Sheet
Fire Fund

As Of March 31, 2008

<u>Assets</u>	
Cash In Bank	\$171,655
Certificates of Deposit	60,000
Taxes Receivable	2,100
Prepaid Insurance	0
Total Assets	<u>233,755</u>
<u>Liabilities and Fund Balance</u>	
Liabilities	
Accounts Payable	17,388
Accrued Salaries	1,460
Due to General Fund	1,893
Total Liabilities	<u>20,741</u>
Fund Balance	
Reserved for Equipment Replacement	160,000
Unreserved	53,014
Total Fund Balance	<u>213,014</u>
Total Liabilities and Fund Balance	<u>\$233,755</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Filer Township
Statement of Revenues, Expenditures & Changes in Fund Balance
Fire Fund

For The Year Ended March 31, 2008

Revenues

Property Taxes	\$77,849
Delinquent Property Taxes	35,506
Interest	5,864
Special Assessments	6,276
Miscellaneous and Grant	3,203
Total Revenue	<u>128,698</u>

Expenditures

Salaries & Wages	33,925
Employee Benefits	1,953
Supplies	24,328
Hydrant rental	0
Telephone	2,303
Travel	644
Insurance	0
Public Utilities	8,527
Miscellaneous	11,704
Repairs	2,088
Capital Expenditures	73,121
Total Expenditures	<u>158,593</u>

Excess Revenues (Expenditures)	(29,895)
--------------------------------	----------

Fund Balance - Beginning of Year	<u>82,909</u>
----------------------------------	---------------

Prior Period Adjustment	0
-------------------------	---

Fund Balance - End of Year	<u><u>\$53,014</u></u>
----------------------------	------------------------

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Filer Township
Balance Sheet
Liquor Law Enforcement Fund**

As Of March 31, 2008

<u>Assets</u>	
Cash In Bank	<u>\$30,760</u>
Total Assets	<u>30,760</u>
<u>Liabilities and Fund Balance</u>	
Due to General Fund	130
Accrued Salaries	150
Unreserved Fund Balance	<u>30,480</u>
Total Liabilites and Fund Balance	<u>\$30,760</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Filer Township
Statement of Revenues, Expenditures & Changes in Fund Balance
Liquor Law Enforcement Fund

For The Year Ended March 31, 2008

<u>Revenues</u>	
Miscellaneous	\$0
Interest	0
State of Michigan	4,198
Total Revenues	<u>4,198</u>
<u>Expenditures</u>	
Salaries & Wages	1,950
Employee Benefits	26
Office Supplies	0
Miscellaneous	0
Total Expenditures	<u>1,976</u>
Excess Revenue (Expenditures)	2,222
Fund Balance - Beginning of Year	<u>28,258</u>
Prior Period Adjustment	0
Fund Balance - End of Year	<u><u>\$30,480</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Proprietary Funds

Filer Township
Statement of Net Fixed Assets
Proprietary Fund Type-Water Fund

For The Years Ended March 31, 2007 and 2008

<u>Assets</u>	March 31, 2007	March 31, 2008
Machinery & Equipment	<u>\$14,807</u>	<u>\$13,581</u>
Water System	<u>1,713,599</u>	<u>1,675,824</u>
	<u><u>\$1,728,406</u></u>	<u><u>\$1,689,405</u></u>

Depreciation:

Machinery and Equipment is depreciated on straight-line basis over 25 years.
Water System is depreciated on straight-line basis over 50 years.

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Filer Township
Statement of Changes in Fixed Assets
Proprietary Fund Type-Water Fund

For The Year Ended March 31, 2008

	Assets			
	March 31, 2007 Balance	Additions	Deletions	March 31, 2008 Balance
Machinery and Equipment	\$30,648	\$0	\$0	\$30,648
Water System	1,888,747	0	0	1,888,747
Total Asset	1,919,395	0	0	1,919,395

Provision for Depreciation					
	Annual Rate	March 31, 2007 Balance	Depreciation	March 31, 2008 Balance	Net Book Value
Machinery & Equipment	4%	15,841	1,226	17,067	13,581
Water System	2%	175,148	37,775	212,923	1,675,824
		190,989	39,001	229,990	1,689,405
Amortization			6,944		
Depreciation			\$32,057		

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Debt Service Fund

**Filer Township
Combining Balance Sheet
Debt Service Fund**

As Of March 31, 2008

	Fire Hall Debt Service Fund	Water Project Debt Service Fund	Total
Assets			
Cash in Bank	\$70,571	\$81,845	\$152,416
Prepaid Interest and Principal	39,884	0	39,884
Due from General Fund			0
Total Assets	110,455	81,845	192,300
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	0	0	0
Due to General Fund	0	0	0
Total Liabilities	0	0	0
Fund Balance			
Reserved for Equipment Replacement			0
Unreserved	110,455	81,845	192,300
Total Fund Balance	110,455	81,845	192,300
Total Liabilities and Fund Balance	\$110,455	\$81,845	\$192,300

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Filer Township
Combining Statement of Revenues, Expenditures & Changes in Fund Balance
Debt Service Fund

As Of March 31, 2008

	Fire Hall Debt Service Fund	Water Project Debt Service Fund	Total
<u>Revenues</u>	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
Property Taxes	\$49,159		\$49,159
State of Michigan			0
Interest	1,757	2,780	4,537
Miscellaneous	0	0	0
Total Revenue	<u>50,916</u>	<u>2,780</u>	<u>53,696</u>
 <u>Expenditures</u>			
Fees	250	17	267
Payment of Principal	20,000	96,938	116,938
Interest	39,768	0	39,768
Total Expenditures	<u>60,018</u>	<u>96,955</u>	<u>156,973</u>
 Excess Revenue (Expenditures)	(9,102)	(94,175)	(103,277)
 Transfer from Receiving		97,375	97,375
Transfer to Checking (Debt Payment)			
 Fund Balance - Beginning of Year	<u>79,673</u>	<u>78,645</u>	<u>158,318</u>
 Prior Period Adjustment-Prepaid	39,884	0	39,884
 Fund Balance - End of Year	<u>\$110,455</u>	<u>\$81,845</u>	<u>\$192,300</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

June 20, 2008

To The Township Board
Charter Township of Filer
Traverse City, Michigan

We have audited the financial statements of the Charter Township of Filer for the year ended March 31, 2008 and have issued our report thereon dated June 20, 2008. Professional standards require that we provide you the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated March 2, 2006 our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Accounting Policies

Management has the responsibility for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by the Charter Township of Filer are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Charter Township of Filer's books during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transactions occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. However, at the completion of field work, the adjustment for the DDA calculation was not completed. The adjustment was completed and reviewed. The misstatements that were detected as a result of audit procedures and corrected by management were material; either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements of the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 06, 2008.

Other Audit Findings or Issues

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Charter Township of Filer's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Charter Township of Filer's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Charter Township of Filer's internal control over financial reporting.

Our consideration of internal control over financial reporting and internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. However, at the completion of field work, the adjustment for the DDA calculation was not completed. The adjustment was completed and reviewed. The misstatements that were detected as a result of audit procedures and corrected by management were material; either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements of the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 06, 2008.

Other Audit Findings or Issues

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Charter Township of Filer's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Charter Township of Filer's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Charter Township of Filer's internal control over financial reporting.

Our consideration of internal control over financial reporting and internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

Finding 2008-1 Cash Account Balance Reconciliation

Criteria: All Cash accounts must be reconciled in a timely manner.

Condition: Cash account were not being reconciled in a timely manner

Cause: The cash accounts were not reconciled with the bank statements in a timely manner.

Effect: As a result of this condition, the organization lacks internal controls for current account reconciliation.

View of
responsible

Officials: The organization reviewed the need for enhanced internal control over account reconciliation. A third party was engaged to perform the bank reconciliations all of which were completed prior to field work.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and considered to be material weaknesses. However, we did not consider any of the significant deficiencies described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Charter Township of Filer's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We wish to thank the staff for their support and assistance during our audit.

This information is intended solely for the use of the Township Board, and management of the Charter Township of Filer and is not intended to be and should not be used by anyone other than these specified parties.

Interlochen, MI
June 20, 2008